

1 **TITLE II—AIRLINE SERVICE**
2 **IMPROVEMENTS**
3 **Subtitle A—Small Communities**

4 **SEC. 201. POLICY FOR AIR SERVICE TO RURAL AREAS.**

5 Section 40101(a) is amended by adding at the end
6 the following:

7 “(16) ensuring that consumers in all regions of
8 the United States, including those in small commu-
9 nities and rural and remote areas, have access to af-
10 fordable, regularly scheduled air service.”.

11 **SEC. 202. WAIVER OF LOCAL CONTRIBUTION.**

12 Section 41736(b) is amended by inserting after para-
13 graph (4) the following:

14 “Paragraph (4) does not apply to any community ap-
15 proved for service under this section during the period be-
16 ginning October 1, 1991, and ending December 31,
17 1997.”.

18 **SEC. 203. IMPROVED AIR CARRIER SERVICE TO AIRPORTS**
19 **NOT RECEIVING SUFFICIENT SERVICE.**

20 (a) IN GENERAL.—Subchapter II of chapter 417 is
21 amended by adding at the end the following:

22 **“§ 41743. Airports not receiving sufficient service**

23 “(a) SMALL COMMUNITY AIR SERVICE DEVELOP-
24 MENT PILOT PROGRAM.—The Secretary of Transpor-
25 tation shall establish a pilot program that meets the re-

1 requirements of this section for improving air carrier service
2 to airports not receiving sufficient air carrier service.

3 “(b) APPLICATION REQUIRED.—In order to partici-
4 pate in the program established under subsection (a), a
5 community or consortium of communities shall submit an
6 application to the Secretary in such form, at such time,
7 and containing such information as the Secretary may re-
8 quire, including—

9 “(1) an assessment of the need of the commu-
10 nity or consortium for access, or improved access, to
11 the national air transportation system; and

12 “(2) an analysis of the application of the cri-
13 teria in subsection (c) to that community or consor-
14 tium.

15 “(c) CRITERIA FOR PARTICIPATION.—In selecting
16 communities, or consortia of communities, for participa-
17 tion in the program established under subsection (a), the
18 Secretary shall apply the following criteria:

19 “(1) SIZE.—For calendar year 1997, the air-
20 port serving the community or consortium was not
21 larger than a small hub airport (as that term is de-
22 fined in section 41731(a)(5)), and—

23 “(A) had insufficient air carrier service; or

24 “(B) had unreasonably high air fares.

1 “(2) CHARACTERISTICS.—The airport presents
2 characteristics, such as geographic diversity or
3 unique circumstances, that will demonstrate the
4 need for, and feasibility of, the program established
5 under subsection (a).

6 “(3) STATE LIMIT.—No more than 4 commu-
7 nities or consortia of communities, or a combination
8 thereof, may be located in the same State.

9 “(4) OVERALL LIMIT.—No more than 40 com-
10 munities or consortia of communities, or a combina-
11 tion thereof, may be selected to participate in the
12 program.

13 “(5) PRIORITIES.—The Secretary shall give pri-
14 ority to communities or consortia of communities
15 where—

16 “(A) air fares are higher than the average
17 air fares for all communities;

18 “(B) the community or consortium will
19 provide a portion of the cost of the activity to
20 be assisted under the program from local
21 sources other than airport revenues;

22 “(C) the community or consortium has es-
23 tablished, or will establish, a public-private
24 partnership to facilitate air carrier service to
25 the public; and

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1 “(D) the assistance will provide material
2 benefits to a broad segment of the travelling
3 public, including business, educational institu-
4 tions, and other enterprises, whose access to the
5 national air transportation system is limited.

6 “(d) TYPES OF ASSISTANCE.—The Secretary may
7 use amounts made available under this section—

8 “(1) to provide assistance to an air carrier to
9 subsidize service to and from an underserved airport
10 for a period not to exceed 3 years;

11 “(2) to provide assistance to an underserved
12 airport to obtain service to and from the under-
13 served airport; and

14 “(3) to provide assistance to an underserved
15 airport to implement such other measures as the
16 Secretary, in consultation with such airport, con-
17 sidered appropriate to improve air service both in
18 terms of the cost of such service to consumers and
19 the availability of such service, including improving
20 air service through marketing and promotion of air
21 service and enhanced utilization of airport facilities.

22 “(e) AUTHORITY TO MAKE AGREEMENTS.—

23 “(1) IN GENERAL.—The Secretary may make
24 agreements to provide assistance under this section.

1 “(2) AUTHORIZATION OF APPROPRIATIONS.—

2 There is authorized to be appropriated to the Sec-
3 retary \$20,000,000 for fiscal year 2001 and
4 \$27,500,000 for each of fiscal years 2002 and 2003
5 to carry out this section. Such sums shall remain
6 available until expended.

7 “(f) ADDITIONAL ACTION.—Under the pilot program
8 established under subsection (a), the Secretary shall work
9 with air carriers providing service to participating commu-
10 nities and major air carriers (as defined in section
11 41716(a)(2)) serving large hub airports (as defined in sec-
12 tion 41731(a)(3)) to facilitate joint-fare arrangements
13 consistent with normal industry practice.

14 “(g) DESIGNATION OF RESPONSIBLE OFFICIAL.—
15 The Secretary shall designate an employee of the Depart-
16 ment of Transportation—

17 “(1) to function as a facilitator between small
18 communities and air carriers;

19 “(2) to carry out this section;

20 “(3) to ensure that the Bureau of Transpor-
21 tation Statistics collects data on passenger informa-
22 tion to assess the service needs of small commu-
23 nities;

24 “(4) to work with and coordinate efforts with
25 other Federal, State, and local agencies to increase

1 the viability of service to small communities and the
2 creation of aviation development zones; and

3 “(5) to provide policy recommendations to the
4 Secretary and Congress that will ensure that small
5 communities have access to quality, affordable air
6 transportation services.

7 “(h) AIR SERVICE DEVELOPMENT ZONE.—The Sec-
8 retary shall designate an airport in the program as an Air
9 Service Development Zone and work with the community
10 or consortium on means to attract business to the area
11 surrounding the airport, to develop land use options for
12 the area, and provide data, working with the Department
13 of Commerce and other agencies.”.

14 (b) CONFORMING AMENDMENT.—The analysis for
15 subchapter II of chapter 417 is amended by adding at the
16 end the following:

“41743. Airports not receiving sufficient service.”.

17 **SEC. 204. PRESERVATION OF ESSENTIAL AIR SERVICE AT**
18 **SINGLE CARRIER DOMINATED HUB AIR-**
19 **PORTS.**

20 (a) IN GENERAL.—Subchapter II of chapter 417 (as
21 amended by section 203 of this Act) is further amended
22 by adding at the end the following:

1 **“§ 41744. Preservation of basic essential air service at**
2 **single carrier dominated hub airports**

3 “(a) IN GENERAL.—If the Secretary of Transpor-
4 tation determines that extraordinary circumstances jeop-
5 ardize the reliable performance of essential air service
6 under this subchapter from a subsidized essential air serv-
7 ice community to and from an essential airport facility,
8 the Secretary may require an air carrier that has more
9 than 60 percent of the total annual enplanements at the
10 essential airport facility to take action to enable another
11 air carrier to provide reliable essential air service to that
12 community. Actions required by the Secretary under this
13 subsection may include interline agreements, ground serv-
14 ices, subleasing of gates, and the provision of any other
15 service or facility necessary for the performance of satis-
16 factory essential air service to that community.

17 “(b) ESSENTIAL AIRPORT FACILITY DEFINED.—In
18 this section, the term ‘essential airport facility’ means a
19 large hub airport (as defined in section 41731) in the con-
20 tiguous 48 States at which 1 air carrier has more than
21 60 percent of the total annual enplanements at that air-
22 port.”.

23 (b) CONFORMING AMENDMENT.—The analysis for
24 subchapter II of chapter 417 is further amended by add-
25 ing at the end the following:

“41744. Preservation of basic essential air service at single carrier dominated hub airports.”.

1 **SEC. 205. DETERMINATION OF DISTANCE FROM HUB AIR-**
2 **PORT.**

3 The Secretary may provide assistance under sub-
4 chapter II of chapter 417 of title 49, United States Code,
5 with respect to a place that is located within 70 highway
6 miles of a hub airport (as defined by section 41731 of
7 such title) if the most commonly used highway route be-
8 tween the place and the hub airport exceeds 70 miles.

9 **SEC. 206. REPORT ON ESSENTIAL AIR SERVICE.**

10 (a) IN GENERAL.—The Secretary shall conduct an
11 analysis of the difficulties faced by many smaller commu-
12 nities in retaining essential air service and shall develop
13 a plan to facilitate the retention of such service.

14 (b) EXAMINATION OF NORTH DAKOTA COMMU-
15 NITIES.—In conducting the analysis and developing the
16 plan under subsection (a), the Secretary shall pay par-
17 ticular attention to communities located in North Dakota.

18 (c) REPORT.—Not later than 60 days after the date
19 of enactment of this section, the Secretary shall transmit
20 to Congress a report containing the analysis and plan de-
21 scribed in subsection (a).

22 **SEC. 207. MARKETING PRACTICES.**

23 (a) REVIEW OF MARKETING PRACTICES THAT AD-
24 VERSELY AFFECT SERVICE TO SMALL OR MEDIUM COM-

1 MUNITIES.—Not later than 180 days after the date of en-
2 actment of this Act, the Secretary shall review the mar-
3 keting practices of air carriers that may inhibit the avail-
4 ability of quality, affordable air transportation services to
5 small- and medium-sized communities, including—

6 (1) marketing arrangements between airlines
7 and travel agents;

8 (2) code-sharing partnerships;

9 (3) computer reservation system displays;

10 (4) gate arrangements at airports;

11 (5) exclusive dealing arrangements; and

12 (6) any other marketing practice that may have
13 the same effect.

14 (b) REGULATIONS.—If the Secretary finds, after con-
15 ducting the review, that marketing practices inhibit the
16 availability of affordable air transportation services to
17 small- and medium-sized communities, then, after public
18 notice and an opportunity for comment, the Secretary may
19 issue regulations that address the problem or take other
20 appropriate action.

21 (c) STATUTORY CONSTRUCTION.—Nothing in this
22 section expands the authority or jurisdiction of the Sec-
23 retary to issue regulations under chapter 417 of title 49,
24 United States Code, or under any other law.

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1 **SEC. 208. DEFINITION OF ELIGIBLE PLACE.**

2 Section 41731(a)(1) is amended—

3 (1) by inserting “(i)” after “(A)”;

4 (2) by striking “(B)” and inserting “(ii)”;

5 (3) by striking “(C)” and inserting “(iii)”;

6 (4) by striking “subchapter.” and inserting
7 “subchapter; or”; and

8 (5) by adding at the end the following:

9 “(B) determined, on or after October 1,
10 1988, and before the date of enactment of the
11 Wendell H. Ford Aviation Investment and Re-
12 form Act for the 21st Century, under this sub-
13 chapter by the Secretary to be eligible to receive
14 subsidized small community air service under
15 section 41736(a).”.

16 **SEC. 209. MAINTAINING THE INTEGRITY OF THE ESSENTIAL**
17 **AIR SERVICE PROGRAM.**

18 (a) **AUTHORIZATION OF APPROPRIATION.**—Section
19 41742(a) is amended—

20 (1) by striking “Out of” and inserting the fol-
21 lowing:

22 “(1) **AUTHORIZATION.**—Out of”;

23 (2) by adding at the end the following:

24 “(2) **ADDITIONAL FUNDS.**—In addition to
25 amounts authorized under paragraph (1), there is
26 authorized to be appropriated \$15,000,000 for each

1 fiscal year to carry out the essential air service pro-
2 gram under this subchapter.”; and

3 (3) by aligning paragraph (1) (as designated by
4 paragraph (1) of this subsection) with paragraph (2)
5 (as added by paragraph (2) of this subsection).

6 (b) LIMITATION ON ADJUSTMENTS TO LEVELS OF
7 SERVICE.—Section 41733(e) is amended by striking the
8 period at the end and inserting “, to the extent such ad-
9 justments are to a level not less than the basic essential
10 air service level established under subsection (a) for the
11 airport that serves the community.”.

12 (c) EFFECT ON CERTAIN ORDERS.—All orders issued
13 by the Secretary after September 30, 1999, and before
14 the date of enactment of this Act establishing, modifying,
15 or revoking essential air service levels shall be null and
16 void beginning on the 90th day following such date of en-
17 actment. During the 90-day period, the Secretary shall re-
18 consider such orders and shall issue new orders consistent
19 with the amendments made by this section.

20 **SEC. 210. REGIONAL JET SERVICE FOR SMALL COMMU-**
21 **NITIES.**

22 (a) IN GENERAL.—Chapter 417 is amended by add-
23 ing at the end the following:

1 “SUBCHAPTER III—REGIONAL AIR SERVICE
2 INCENTIVE PROGRAM

3 “§ 41761. Purpose

4 “The purpose of this subchapter is to improve service
5 by jet aircraft to underserved markets by providing assist-
6 ance, in the form of Federal credit instruments, to com-
7 muter air carriers that purchase regional jet aircraft for
8 use in serving those markets.

9 “§ 41762. Definitions

10 “In this subchapter, the following definitions apply:

11 “(1) AIR CARRIER.—The term ‘air carrier’
12 means any air carrier holding a certificate of public
13 convenience and necessity issued by the Secretary of
14 Transportation under section 41102.

15 “(2) AIRCRAFT PURCHASE.—The term ‘aircraft
16 purchase’ means the purchase of commercial trans-
17 port aircraft, including spare parts normally associ-
18 ated with the aircraft.

19 “(3) CAPITAL RESERVE SUBSIDY AMOUNT.—
20 The term ‘capital reserve subsidy amount’ means the
21 amount of budget authority sufficient to cover esti-
22 mated long-term cost to the United States Govern-
23 ment of a Federal credit instrument, calculated on
24 a net present value basis, excluding administrative
25 costs and any incidental effects on government re-

1 receipts or outlays in accordance with provisions of the
2 Federal Credit Reform Act of 1990 (2 U.S.C. 661
3 et seq.).

4 “(4) COMMUTER AIR CARRIER.—The term
5 ‘commuter air carrier’ means an air carrier that pri-
6 marily operates aircraft designed to have a max-
7 imum passenger seating capacity of 75 or less in ac-
8 cordance with published flight schedules.

9 “(5) FEDERAL CREDIT INSTRUMENT.—The
10 term ‘Federal credit instrument’ means a secured
11 loan, loan guarantee, or line of credit authorized to
12 be made under this subchapter.

13 “(6) FINANCIAL OBLIGATION.—The term ‘fi-
14 nancial obligation’ means any note, bond, debenture,
15 or other debt obligation issued by an obligor in con-
16 nection with the financing of an aircraft purchase,
17 other than a Federal credit instrument.

18 “(7) LENDER.—The term ‘lender’ means any
19 non-Federal qualified institutional buyer (as defined
20 by section 230.144A(a) of title 17, Code of Federal
21 Regulations (or any successor regulation) known as
22 Rule 144A(a) of the Security and Exchange Com-
23 mission and issued under the Security Act of 1933
24 (15 U.S.C. 77a et seq.)), including—

1 “(A) a qualified retirement plan (as de-
2 fined in section 4974(c) of the Internal Revenue
3 Code of 1986) that is a qualified institutional
4 buyer; and

5 “(B) a governmental plan (as defined in
6 section 414(d) of the Internal Revenue Code of
7 1986) that is a qualified institutional buyer.

8 “(8) LINE OF CREDIT.—The term ‘line of cred-
9 it’ means an agreement entered into by the Sec-
10 retary with an obligor under section 41763(d) to
11 provide a direct loan at a future date upon the oc-
12 currence of certain events.

13 “(9) LOAN GUARANTEE.—The term ‘loan guar-
14 antee’ means any guarantee or other pledge by the
15 Secretary under section 41763(c) to pay all or part
16 of any of the principal of and interest on a loan or
17 other debt obligation issued by an obligor and fund-
18 ed by a lender.

19 “(10) NEW ENTRANT AIR CARRIER.—The term
20 ‘new entrant air carrier’ means an air carrier that
21 has been providing air transportation according to a
22 published schedule for less than 5 years, including
23 any person that has received authority from the Sec-
24 retary to provide air transportation but is not pro-
25 viding air transportation.

1 “(11) NONHUB AIRPORT.—The term ‘nonhub
2 airport’ means an airport that each year has less
3 than .05 percent of the total annual boardings in the
4 United States.

5 “(12) OBLIGOR.—The term ‘obligor’ means a
6 party primarily liable for payment of the principal of
7 or interest on a Federal credit instrument, which
8 party may be a corporation, partnership, joint ven-
9 ture, trust, or governmental entity, agency, or in-
10 strumentality.

11 “(13) REGIONAL JET AIRCRAFT.—The term ‘re-
12 gional jet aircraft’ means a civil aircraft—

13 “(A) powered by jet propulsion; and

14 “(B) designed to have a maximum pas-
15 senger seating capacity of not less than 30 nor
16 more than 75.

17 “(14) SECURED LOAN.—The term ‘secured
18 loan’ means a direct loan funded by the Secretary in
19 connection with the financing of an aircraft purchase
20 under section 41763(b).

21 “(15) SMALL HUB AIRPORT.—The term ‘small
22 hub airport’ means an airport that each year has at
23 least .05 percent, but less than .25 percent, of the
24 total annual boardings in the United States.

1 “(16) UNDERSERVED MARKET.—The term ‘un-
2 derserved market’ means a passenger air transpor-
3 tation market (as defined by the Secretary) that—

4 “(A) is served (as determined by the Sec-
5 retary) by a nonhub airport or a small hub air-
6 port;

7 “(B) is not within a 40-mile radius of an
8 airport that each year has at least .25 percent
9 of the total annual boardings in the United
10 States; and

11 “(C) the Secretary determines does not
12 have sufficient air service.

13 **“§ 41763. Federal credit instruments**

14 “(a) IN GENERAL.—Subject to this section and sec-
15 tion 41766, the Secretary of Transportation may enter
16 into agreements with one or more obligors to make avail-
17 able Federal credit instruments, the proceeds of which
18 shall be used to finance aircraft purchases.

19 “(b) SECURED LOANS.—

20 “(1) TERMS AND LIMITATIONS.—

21 “(A) IN GENERAL.—A secured loan under
22 this section with respect to an aircraft purchase
23 shall be on such terms and conditions and con-
24 tain such covenants, representatives, warran-
25 ties, and requirements (including requirements

1 for audits) as the Secretary determines appro-
2 priate.

3 “(B) MAXIMUM AMOUNT.—No secured
4 loan may be made under this section—

5 “(i) that extends to more than 50 per-
6 cent of the purchase price (including the
7 value of any manufacturer credits, post-
8 purchase options, or other discounts) of
9 the aircraft, including spare parts, to be
10 purchased; or

11 “(ii) that, when added to the remain-
12 ing balance on any other Federal credit in-
13 struments made under this subchapter,
14 provides more than \$100,000,000 of out-
15 standing credit to any single obligor.

16 “(C) FINAL PAYMENT DATE.—The final
17 payment on the secured loan shall not be due
18 later than 18 years after the date of execution
19 of the loan agreement.

20 “(D) SUBORDINATION.—The secured loan
21 may be subordinate to claims of other holders
22 of obligations in the event of bankruptcy, insol-
23 vency, or liquidation of the obligor as deter-
24 mined appropriate by the Secretary.

1 “(E) FEES.—The Secretary, subject to ap-
2 propriations, may establish fees at a level suffi-
3 cient to cover all or a portion of the administra-
4 tive costs to the United States Government of
5 making a secured loan under this section. The
6 proceeds of such fees shall be deposited in an
7 account to be used by the Secretary for the pur-
8 pose of administering the program established
9 under this subchapter and shall be available
10 upon deposit until expended.

11 “(2) REPAYMENT.—

12 “(A) SCHEDULE.—The Secretary shall es-
13 tablish a repayment schedule for each secured
14 loan under this section based on the projected
15 cash flow from aircraft revenues and other re-
16 payment sources.

17 “(B) COMMENCEMENT.—Scheduled loan
18 repayments of principal and interest on a se-
19 cured loan under this section shall commence
20 no later than 3 years after the date of execution
21 of the loan agreement.

22 “(3) PREPAYMENT.—

23 “(A) USE OF EXCESS REVENUE.—After
24 satisfying scheduled debt service requirements
25 on all financial obligations and secured loans

1 and all deposit requirements under the terms of
2 any trust agreement, bond resolution, or similar
3 agreement securing financial obligations, the se-
4 cured loan may be prepaid at anytime without
5 penalty.

6 “(B) USE OF PROCEEDS OF REFI-
7 NANCING.—The secured loan may be prepaid at
8 any time without penalty from proceeds of refi-
9 nancing from non-Federal funding sources.

10 “(c) LOAN GUARANTEES.—

11 “(1) IN GENERAL.—A loan guarantee under
12 this section with respect to a loan made for an air-
13 craft purchase shall be made in such form and on
14 such terms and conditions and contain such cov-
15 enants, representatives, warranties, and require-
16 ments (including requirements for audits) as the
17 Secretary determines appropriate.

18 “(2) MAXIMUM AMOUNT.—No loan guarantee
19 shall be made under this section—

20 “(A) that extends to more than the unpaid
21 interest and 50 percent of the unpaid principal
22 on any loan;

23 “(B) that, for any loan or combination of
24 loans, extends to more than 50 percent of the
25 purchase price (including the value of any man-

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1 ufacturer credits, post-purchase options, or
2 other discounts) of the aircraft, including spare
3 parts, to be purchased with the loan or loan
4 combination;

5 “(C) on any loan with respect to which
6 terms permit repayment more than 15 years
7 after the date of execution of the loan; or

8 “(D) that, when added to the remaining
9 balance on any other Federal credit instruments
10 made under this subchapter, provides more
11 than \$100,000,000 of outstanding credit to any
12 single obligor.

13 “(3) FEES.—The Secretary, subject to appro-
14 priations, may establish fees at a level sufficient to
15 cover all or a portion of the administrative costs to
16 the United States Government of making a loan
17 guarantee under this section. The proceeds of such
18 fees shall be deposited in an account to be used by
19 the Secretary for the purpose of administering the
20 program established under this subchapter and shall
21 be available upon deposit until expended.

22 “(d) LINES OF CREDIT.—

23 “(1) IN GENERAL.—Subject to the require-
24 ments of this subsection, the Secretary may enter
25 into agreements to make available lines of credit to

1 one or more obligors in the form of direct loans to
2 be made by the Secretary at future dates on the oc-
3 currence of certain events for any aircraft purchase
4 selected under this section.

5 “(2) TERMS AND LIMITATIONS.—

6 “(A) IN GENERAL.—A line of credit under
7 this subsection with respect to an aircraft pur-
8 chase shall be on such terms and conditions and
9 contain such covenants, representatives, war-
10 ranties, and requirements (including require-
11 ments for audits) as the Secretary determines
12 appropriate.

13 “(B) MAXIMUM AMOUNT.—

14 “(i) TOTAL AMOUNT.—The amount of
15 any line of credit shall not exceed 50 per-
16 cent of the purchase price (including the
17 value of any manufacturer credits, post-
18 purchase options, or other discounts) of
19 the aircraft, including spare parts.

20 “(ii) 1-YEAR DRAWS.—The amount
21 drawn in any year shall not exceed 20 per-
22 cent of the total amount of the line of
23 credit.

24 “(C) DRAWS.—Any draw on the line of
25 credit shall represent a direct loan.

1 “(D) PERIOD OF AVAILABILITY.—The line
2 of credit shall be available not more than 5
3 years after the aircraft purchase date.

4 “(E) RIGHTS OF THIRD-PARTY CREDI-
5 TORS.—

6 “(i) AGAINST UNITED STATES GOV-
7 ERNMENT.—A third-party creditor of the
8 obligor shall not have any right against the
9 United States Government with respect to
10 any draw on the line of credit.

11 “(ii) ASSIGNMENT.—An obligor may
12 assign the line of credit to one or more
13 lenders or to a trustee on the lender’s be-
14 half.

15 “(F) SUBORDINATION.—A direct loan
16 under this subsection may be subordinate to
17 claims of other holders of obligations in the
18 event of bankruptcy, insolvency, or liquidation
19 of the obligor as determined appropriate by the
20 Secretary.

21 “(G) FEES.—The Secretary, subject to ap-
22 propriations, may establish fees at a level suffi-
23 cient to cover all of a portion of the administra-
24 tive costs to the United States Government of
25 providing a line of credit under this subsection.

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1 The proceeds of such fees shall be deposited in
2 an account to be used by the Secretary for the
3 purpose of administering the program estab-
4 lished under this subchapter and shall be avail-
5 able upon deposit until expended.

6 “(3) REPAYMENT.—

7 “(A) SCHEDULE.—The Secretary shall es-
8 tablish a repayment schedule for each direct
9 loan under this subsection.

10 “(B) COMMENCEMENT.—Scheduled loan
11 repayments of principal or interest on a direct
12 loan under this subsection shall commence no
13 later than 3 years after the date of the first
14 draw on the line of credit and shall be repaid,
15 with interest, not later than 18 years after the
16 date of the first draw.

17 “(e) RISK ASSESSMENT.—Before entering into an
18 agreement under this section to make available a Federal
19 credit instrument, the Secretary, in consultation with the
20 Director of the Office of Management and Budget, shall
21 determine an appropriate capital reserve subsidy amount
22 for the Federal credit instrument based on such credit
23 evaluations as the Secretary deems necessary.

1 “(f) CONDITIONS.—Subject to subsection (h), the
2 Secretary may only make a Federal credit instrument
3 available under this section if the Secretary finds that—

4 “(1) the aircraft to be purchased with the Fed-
5 eral credit instrument is a regional jet aircraft need-
6 ed to improve the service and efficiency of operation
7 of a commuter air carrier or new entrant air carrier;

8 “(2) the commuter air carrier or new entrant
9 air carrier enters into a legally binding agreement
10 that requires the carrier to use the aircraft to pro-
11 vide service to underserved markets; and

12 “(3) the prospective earning power of the com-
13 muter air carrier or new entrant air carrier, together
14 with the character and value of the security pledged,
15 including the collateral value of the aircraft being
16 acquired and any other assets or pledges used to se-
17 cure the Federal credit instrument, furnish—

18 “(A) reasonable assurances of the air car-
19 rier’s ability and intention to repay the Federal
20 credit instrument within the terms established
21 by the Secretary—

22 “(i) to continue its operations as an
23 air carrier; and

24 “(ii) to the extent that the Secretary
25 determines to be necessary, to continue its

1 operations as an air carrier between the
2 same route or routes being operated by the
3 air carrier at the time of the issuance of
4 the Federal credit instrument; and
5 “(B) reasonable protection to the United
6 States.

7 “(g) LIMITATION ON COMBINED AMOUNT OF FED-
8 ERAL CREDIT INSTRUMENTS.—The Secretary shall not
9 allow the combined amount of Federal credit instruments
10 available for any aircraft purchase under this section to
11 exceed—

12 “(1) 50 percent of the cost of the aircraft pur-
13 chase; or

14 “(2) \$100,000,000 for any single obligor.

15 “(h) REQUIREMENT.—Subject to subsection (i), no
16 Federal credit instrument may be made under this section
17 for the purchase of any regional jet aircraft that does not
18 comply with the stage 3 noise levels of part 36 of title
19 14 of the Code of Federal Regulations, as in effect on Jan-
20 uary 1, 1999.

21 “(i) OTHER LIMITATIONS.—No Federal credit instru-
22 ment shall be made by the Secretary under this section
23 for the purchase of a regional jet aircraft unless the com-
24 muter air carrier or new entrant air carrier enters into
25 a legally binding agreement that requires the carrier to

1 provide scheduled passenger air transportation to the un-
2 derserved market for which the aircraft is purchased for
3 a period of not less than 36 consecutive months after the
4 date that aircraft is placed in service.

5 **“§ 41764. Use of Federal facilities and assistance**

6 “(a) USE OF FEDERAL FACILITIES.—To permit the
7 Secretary of Transportation to make use of such expert
8 advice and services as the Secretary may require in car-
9 rying out this subchapter, the Secretary may use available
10 services and facilities of other agencies and instrumental-
11 ities of the United States Government—

12 “(1) with the consent of the appropriate Fed-
13 eral officials; and

14 “(2) on a reimbursable basis.

15 “(b) ASSISTANCE.—The head of each appropriate de-
16 partment or agency of the United States Government shall
17 exercise the duties and powers of that head in such man-
18 ner as to assist in carrying out the policy specified in sec-
19 tion 41761.

20 “(c) OVERSIGHT.—The Secretary shall make avail-
21 able to the Comptroller General of the United States such
22 information with respect to any Federal credit instrument
23 made under this subchapter as the Comptroller General
24 may require to carry out the duties of the Comptroller
25 General under chapter 7 of title 31, United States Code.

1 **“§ 41765. Administrative expenses**

2 “In carrying out this subchapter, the Secretary shall
3 use funds made available by appropriations to the Depart-
4 ment of Transportation for the purpose of administration,
5 in addition to the proceeds of any fees collected under this
6 subchapter, to cover administrative expenses of the Fed-
7 eral credit instrument program under this subchapter.

8 **“§ 41766. Funding.**

9 “Of the amounts appropriated under section 106(k)
10 for each of fiscal years 2001 through 2003, such sums
11 as may be necessary may be used to carry out this sub-
12 chapter, including administrative expenses.

13 **“§ 41767. Termination**

14 “(a) AUTHORITY TO ISSUE FEDERAL CREDIT IN-
15 STRUMENTS.—The authority of the Secretary of Trans-
16 portation to issue Federal credit instruments under sec-
17 tion 41763 shall terminate on the date that is 5 years
18 after the date of the enactment of this subchapter.

19 “(b) CONTINUATION OF AUTHORITY TO ADMINISTER
20 PROGRAM FOR EXISTING FEDERAL CREDIT INSTRU-
21 MENTS.—On and after the termination date, the Secretary
22 shall continue to administer the program established
23 under this subchapter for Federal credit instruments
24 issued under this subchapter before the termination date
25 until all obligations associated with such instruments have
26 been satisfied.”.

1 (b) CONFORMING AMENDMENT.—The analysis for
2 chapter 417 is amended by adding at the end the fol-
3 lowing:

“SUBCHAPTER III—REGIONAL AIR SERVICE INCENTIVE PROGRAM

“Sec.

“41761. Purpose.

“41762. Definitions.

“41763. Federal credit instruments.

“41764. Use of Federal facilities and assistance.

“41765. Administrative expenses.

“41766. Funding.

“41767. Termination.”.

4 **Subtitle B—Airline Customer** 5 **Service**

6 **SEC. 221. CONSUMER NOTIFICATION OF E-TICKET EXPIRA-** 7 **TION DATES.**

8 Section 41712 is amended—

9 (1) by inserting “(a) IN GENERAL.—” before
10 “On”; and

11 (2) by adding at the end the following:

12 “(b) E-TICKET EXPIRATION NOTICE.—It shall be an
13 unfair or deceptive practice under subsection (a) for any
14 air carrier, foreign air carrier, or ticket agent utilizing
15 electronically transmitted tickets for air transportation to
16 fail to notify the purchaser of such a ticket of its expira-
17 tion date, if any.”.

18 **SEC. 222. INCREASED PENALTY FOR VIOLATION OF AVIA-** 19 **TION CONSUMER PROTECTION LAWS.**

20 (a) IN GENERAL.—Section 46301(a) is amended by
21 adding at the end the following:

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1 “(7) CONSUMER PROTECTION.—Notwith-
2 standing paragraphs (1) and (4), the maximum civil
3 penalty for violating section 40127 or 41712 (includ-
4 ing a regulation prescribed or order issued under
5 such section) or any other regulation prescribed by
6 the Secretary that is intended to afford consumer
7 protection to commercial air transportation pas-
8 sengers, shall be \$2,500 for each violation.”.

9 (b) TECHNICAL AMENDMENT.—Paragraph (6) of
10 section 46301(a) is amended—

11 (1) by inserting “AIR SERVICE TERMINATION
12 NOTICE.—” before “Notwithstanding”; and

(2) by aligning the left margin of such paragraph with paragraph (5) of such section.

15 SEC. 223. FUNDING OF ENFORCEMENT OF AIRLINE CON-
16 SUMER PROTECTIONS.

There are authorized to be appropriated to the Secretary for the purpose of ensuring compliance with, and enforcing, the rights of air travelers under sections 40127, 41705, and 41712 of title 49, United States Code—

21 (1) \$2,300,000 for fiscal year 2000;

22 (2) \$2,415,000 for fiscal year 2001;

23 (3) \$2,535,750 for fiscal year 2002; and

24 (4) \$2,662,500 for fiscal year 2003.

1 **SEC. 224. AIRLINE CUSTOMER SERVICE REPORTS.**

2 (a) SECRETARY TO REPORT PLANS RECEIVED.—Not
3 later than September 15, 1999, each air carrier that pro-
4 vides scheduled passenger air transportation and that is
5 a member of the Air Transport Association, all of which
6 have entered into the voluntary customer service commit-
7 ments established by the Association on June 17, 1999
8 (in this section referred to as the “Airline Customer Serv-
9 ice Commitment”), shall provide a copy of its individual
10 customer service plan to the Secretary. Upon receipt of
11 each individual plan, the Secretary shall transmit to the
12 Committee on Commerce, Science, and Transportation of
13 the Senate and the Committee on Transportation and In-
14 frastructure of the House of Representatives notice of re-
15 ceipt of the plan, together with a copy of the plan.

16 (b) IMPLEMENTATION.—The Inspector General of
17 the Department of Transportation shall monitor the im-
18 plementation of any plan submitted by an air carrier to
19 the Secretary under subsection (a) and evaluate the extent
20 to which the carrier has met its commitments under its
21 plan. The carrier shall provide such information to the In-
22 spector General as may be necessary for the Inspector
23 General to prepare the report required by subsection (c).

24 (c) REPORTS TO CONGRESS.—

25 (1) INTERIM REPORT.—

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1 (A) IN GENERAL.—Not later than June
2 15, 2000, the Inspector General shall transmit
3 to the Committee on Commerce, Science, and
4 Transportation of the Senate and the Com-
5 mittee on Transportation and Infrastructure of
6 the House of Representatives a report con-
7 taining the Inspector General’s findings under
8 subsection (b).

9 (B) CONTENTS.—The report shall include
10 a status report on completion, publication, and
11 implementation of the Airline Customer Service
12 Commitment and the individual air carrier’s
13 plans to carry it out. The report shall also in-
14 clude a review of whether each air carrier de-
15 scribed in subsection (a) has modified its con-
16 tract of carriage or conditions of contract to re-
17 flect each item of the Airline Customer Service
18 Commitment.

19 (2) FINAL REPORT; RECOMMENDATIONS.—

20 (A) IN GENERAL.—Not later than Decem-
21 ber 31, 2000, the Inspector General shall trans-
22 mit to the Committee on Commerce, Science,
23 and Transportation of the Senate and the Com-
24 mittee on Transportation and Infrastructure of
25 the House of Representatives a final report on

1 the effectiveness of the Airline Customer Serv-
2 ice Commitment and the individual air carrier
3 plans to carry it out, including recommenda-
4 tions for improving accountability, enforcement,
5 and consumer protections afforded to commer-
6 cial air passengers.

7 (B) SPECIFIC CONTENT.—In the final re-
8 port under subparagraph (A), the Inspector
9 General shall include the following:

10 (i) An evaluation of each carrier's
11 plan as to whether it is consistent with the
12 voluntary commitments established by the
13 Air Transport Association in the Airline
14 Customer Service Commitment.

15 (ii) An evaluation of each carrier as to
16 the extent to which, and the manner in
17 which, it has performed in carrying out its
18 plan.

19 (iii) A description, by air carrier, of
20 how the air carrier has implemented each
21 commitment covered by its plan.

22 (iv) An analysis, by air carrier, of the
23 methods of meeting each such commitment
24 and, in such analysis, provide information
25 that allows consumers to make decisions

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1 on the quality of air transportation pro-
2 vided by such carriers.

3 (v) A comparison of each air carrier's
4 plan and the implementation of that plan
5 with the customer service provided by a
6 representative sampling of other air car-
7 riers providing scheduled passenger air
8 transportation with aircraft similar in size
9 to the aircraft used by the carrier that
10 submitted a plan so as to allow consumers
11 to make decisions as to the relative quality
12 of air transportation provided by each
13 group of carriers. In making this compari-
14 son, the Inspector General shall give due
15 regard to the differences in the fares
16 charged and the size of the air carriers
17 being compared.

18 **SEC. 225. INCREASED FINANCIAL RESPONSIBILITY FOR**
19 **LOST BAGGAGE.**

20 Not later than 30 days after the date of enactment
21 of this Act, the Secretary shall initiate a rulemaking to
22 increase the domestic baggage liability limit in part 254
23 of title 14, Code of Federal Regulations.

1 **SEC. 226. COMPTROLLER GENERAL INVESTIGATION.**

2 (a) STUDY.—The Comptroller General shall conduct
3 a study on the potential effects on aviation consumers, in-
4 cluding the impact on fares and service to small commu-
5 nities, of a requirement that air carriers permit a ticketed
6 passenger to use any portion of a multiple-stop or round-
7 trip air fare for transportation independent of any other
8 portion without penalty.

9 (b) REPORT.—Not later than June 15, 2000, the
10 Comptroller General shall transmit to the Committee on
11 Commerce, Science, and Transportation of the Senate and
12 the Committee on Transportation and Infrastructure of
13 the House of Representatives a report on the results of
14 the study.

15 **SEC. 227. AIRLINE SERVICE QUALITY PERFORMANCE RE-**
16 **PORTS.**

17 (a) MODIFICATION OF REPORTS.—In consultation
18 with the task force to be established under subsection (b),
19 the Secretary shall modify the regulations in part 234 of
20 title 14, Code of Federal Regulations, relating to airline
21 service quality performance reports, to disclose more fully
22 to the public the nature and source of delays and cancella-
23 tions experienced by air travelers.

24 (b) TASK FORCE.—Not later than 90 days after the
25 date of enactment of this Act, the Secretary shall establish
26 a task force including officials of the Federal Aviation Ad-

1 ministration and representatives of airline consumers and
2 air carriers to develop alternatives and criteria for the
3 modifications to be made under subsection (a).

4 (c) USE OF CATEGORIES.—In making modifications
5 under subsection (a), the Secretary shall—

6 (1) establish categories that reflect the reasons
7 for delays and cancellations experienced by air trav-
8 elers;

9 (2) require air carriers to use such categories in
10 submitting information to be included in airline serv-
11 ice quality performance reports; and

12 (3) use such categories in reports of the De-
13 partment of Transportation on information received
14 in airline service quality performance reports.

15 **SEC. 228. NATIONAL COMMISSION TO ENSURE CONSUMER**
16 **INFORMATION AND CHOICE IN THE AIRLINE**
17 **INDUSTRY.**

18 (a) ESTABLISHMENT.—There is established a com-
19 mission to be known as the “National Commission to En-
20 sure Consumer Information and Choice in the Airline In-
21 dustry” (in this section referred to as the “Commission”).

22 (b) DUTIES.—

23 (1) STUDY.—The Commission shall undertake a
24 study of—

1 (A) whether the financial condition of trav-
2 el agents is declining and, if so, the effect that
3 this will have on consumers; and

4 (B) whether there are impediments to in-
5 formation regarding the services and products
6 offered by the airline industry and, if so, the ef-
7 fects of those impediments on travel agents,
8 Internet-based distributors, and consumers.

9 (2) SMALL TRAVEL AGENTS.—In conducting
10 the study, the Commission shall pay special atten-
11 tion to the condition of travel agencies with
12 \$1,000,000 or less in annual revenues.

13 (c) RECOMMENDATIONS.—Based on the results of the
14 study under subsection (b), the Commission shall make
15 such recommendations as it considers necessary to im-
16 prove the condition of travel agents, especially travel
17 agents described in subsection (b)(2), and to improve con-
18 sumer access to travel information.

19 (d) MEMBERSHIP.—

20 (1) APPOINTMENT.—The Commission shall be
21 composed of 9 members as follows:

22 (A) 3 members appointed by the Secretary.

23 (B) 2 members appointed by the Speaker
24 of the House of Representatives.

1 (C) 1 member appointed by the minority
2 leader of the House of Representatives.

3 (D) 2 members appointed by the majority
4 leader of the Senate.

5 (E) 1 member appointed by the minority
6 leader of the Senate.

7 (2) QUALIFICATIONS.—Of the members ap-
8 pointed by the Secretary under paragraph (1)(A)—

9 (A) 1 member shall be a representative of
10 the travel agent industry;

11 (B) 1 member shall be a representative of
12 the airline industry; and

13 (C) 1 member shall be an individual who
14 is not a representative of either of the indus-
15 tries referred to in subparagraphs (A) and (B).

16 (3) TERMS.—Members shall be appointed for
17 the life of the Commission.

18 (4) VACANCIES.—A vacancy in the Commission
19 shall be filled in the manner in which the original
20 appointment was made.

21 (5) TRAVEL EXPENSES.—Members shall serve
22 without pay but shall receive travel expenses, includ-
23 ing per diem in lieu of subsistence, in accordance
24 with subchapter I of chapter 57 of title 5, United
25 States Code.

1 (6) CHAIRPERSON.—The member appointed by
2 the Secretary of Transportation under paragraph
3 (2)(C) shall serve as the Chairperson of the Com-
4 mission (referred to in this section as the “Chair-
5 person”).

6 (e) COMMISSION PANELS.—The Chairperson shall es-
7 tablish such panels consisting of members of the Commis-
8 sion as the Chairperson determines appropriate to carry
9 out the functions of the Commission.

10 (f) STAFF.—The Commission may appoint and fix
11 the pay of such personnel as it considers appropriate.

12 (g) STAFF OF FEDERAL AGENCIES.—Upon request
13 of the Commission, the head of any department or agency
14 of the United States may detail, on a reimbursable basis,
15 any of the personnel of that department or agency to the
16 Commission to assist it in carrying out its duties under
17 this section.

18 (h) OTHER STAFF AND SUPPORT.—Upon the request
19 of the Commission, or a panel of the Commission, the Sec-
20 retary of Transportation shall provide the Commission or
21 panel with professional and administrative staff and other
22 support, on a reimbursable basis, to assist the Commission
23 or panel in carrying out its responsibilities.

24 (i) OBTAINING OFFICIAL DATA.—The Commission
25 may secure directly from any department or agency of the

1 United States information (other than information re-
2 quired by any statute of the United States to be kept con-
3 fidential by such department or agency) necessary for the
4 Commission to carry out its duties under this section.
5 Upon request of the Commission, the head of that depart-
6 ment or agency shall furnish such nonconfidential infor-
7 mation to the Commission.

8 (j) REPORT.—Not later than 6 months after the date
9 on which initial appointments of members to the Commis-
10 sion are completed, the Commission shall transmit to the
11 President and Congress a report on the activities of the
12 Commission, including recommendations made by the
13 Commission under subsection (c).

14 (k) TERMINATION.—The Commission shall terminate
15 on the 30th day following the date of transmittal of the
16 report under subsection (j).

17 (l) APPLICABILITY OF THE FEDERAL ADVISORY
18 COMMITTEE ACT.—The Federal Advisory Committee Act
19 (5 U.S.C. App.) shall not apply to the Commission.

20 **Subtitle C—Competition**

21 **SEC. 231. CHANGES IN, AND PHASE-OUT OF, SLOT RULES.**

22 (a) RULES THAT APPLY TO ALL SLOT EXEMPTION
23 REQUESTS.—

24 (1) PROMPT CONSIDERATION OF REQUESTS.—

25 Section 41714(i) is amended to read as follows:

1 “(i) 60-DAY APPLICATION PROCESS.—

2 “(1) REQUEST FOR SLOT EXEMPTIONS.—Any
3 slot exemption request filed with the Secretary under
4 this section or section 41716 or 41717 (other than
5 subsection (c)) shall include—

6 “(A) the names of the airports to be
7 served;

8 “(B) the times requested; and

9 “(C) such additional information as the
10 Secretary may require.

11 “(2) ACTION ON REQUEST; FAILURE TO ACT.—
12 Within 60 days after a slot exemption request under
13 this section or section 41716 or 41717 (other than
14 subsection (c)) is received by the Secretary, the Sec-
15 retary shall—

16 “(A) approve the request if the Secretary
17 determines that the requirements of the section
18 under which the request is made are met;

19 “(B) return the request to the applicant
20 for additional information relating to the re-
21 quest to provide air transportation; or

22 “(C) deny the request and state the rea-
23 sons for its denial.

24 “(3) 60-DAY PERIOD TOLLED FOR TIMELY RE-
25 QUEST FOR MORE INFORMATION.—If the Secretary

1 returns under paragraph (2)(B) the request for ad-
2 ditional information during the first 20 days after
3 the request is filed, then the 60-day period under
4 paragraph (2) shall be tolled until the date on which
5 the additional information is filed with the Sec-
6 retary.

7 “(4) FAILURE TO DETERMINE DEEMED AP-
8 PROVAL.—If the Secretary neither approves the re-
9 quest under paragraph (2)(A) nor denies the request
10 under paragraph (2)(C) within the 60-day period be-
11 ginning on the date the request is received, except-
12 ing any days during which the 60-day period is
13 tolled under paragraph (3), then the request is
14 deemed to have been approved on the 61st day, after
15 the request was filed with the Secretary.”.

16 (2) EXEMPTIONS MAY NOT BE TRANS-
17 FERRED.—Section 41714 is further amended by
18 adding at the end the following:

19 “(j) EXEMPTIONS MAY NOT BE TRANSFERRED.—No
20 exemption from the requirements of subparts K and S of
21 part 93 of title 14, Code of Federal Regulations, granted
22 under this section or section 41716, 41717, or 41718 may
23 be bought, sold, leased, or otherwise transferred by the
24 carrier to which it is granted.”.

1 (3) EQUAL TREATMENT OF AFFILIATED CAR-
2 RIERS.—Section 41714 (as amended by paragraph
3 (2) of this subsection) is further amended by adding
4 at the end the following:

5 “(k) AFFILIATED CARRIERS.—For purposes of this
6 section and sections 41716, 41717, and 41718, an air car-
7 rier that operates under the same designator code, or has
8 or enters into a code-share agreement, with any other air
9 carrier shall not qualify for a new slot or slot exemption
10 as a new entrant or limited incumbent air carrier at an
11 airport if the total number of slots and slot exemptions
12 held by the 2 carriers at the airport exceed 20 slots and
13 slot exemptions.”.

14 (4) NEW ENTRANT SLOTS.—Section 41714(c) is
15 amended—

16 (A) by striking the subsection designation
17 and heading and “(1) IN GENERAL.—If the
18 Secretary” and inserting the following:

19 “(c) SLOTS FOR NEW ENTRANTS.—If the Sec-
20 retary”;

21 (B) by striking “and the circumstances to
22 be exceptional”; and

23 (C) by striking paragraph (2).

24 (5) DEFINITIONS.—Section 41714(h) is
25 amended—

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1 (A) by striking “and section 41734(h)”
2 and inserting “and sections 41715–41718 and
3 41734(h)”;

4 (B) in paragraph (3) by striking “as de-
5 fined” and all that follows through “Federal
6 Regulations”; and

7 (C) by adding at the end the following:

8 “(5) LIMITED INCUMBENT AIR CARRIER.—The
9 term ‘limited incumbent air carrier’ has the meaning
10 given that term in subpart S of part 93 of title 14,
11 Code of Federal Regulations; except that—

12 “(A) ‘20’ shall be substituted for ‘12’ in
13 sections 93.213(a)(5), 93.223(c)(3), and
14 93.225(h);

15 “(B) for purposes of such sections, the
16 term ‘slot’ shall include ‘slot exemptions’; and

17 “(C) for Ronald Reagan Washington Na-
18 tional Airport, the Administrator shall not
19 count, for the purposes of section 93.213(a)(5),
20 slots currently held by an air carrier but leased
21 out on a long-term basis by that carrier for use
22 in foreign air transportation and renounced by
23 the carrier for return to the Department of
24 Transportation or the Federal Aviation Admin-
25 istration.

1 “(6) REGIONAL JET.—The term ‘regional jet’
2 means a passenger, turbofan-powered aircraft with a
3 certificated maximum passenger seating capacity of
4 less than 71.

5 “(7) NONHUB AIRPORT.—The term ‘nonhub
6 airport’ means an airport that had less than .05 per-
7 cent of the total annual boardings in the United
8 States as determined under the Federal Aviation
9 Administration’s Primary Airport Enplanement Ac-
10 tivity Summary for Calendar Year 1997.

11 “(8) SMALL HUB AIRPORT.—The term ‘small
12 hub airport’ means an airport that had at least .05
13 percent, but less than .25 percent, of the total an-
14 nual boardings in the United States as determined
15 under the summary referred to in paragraph (7).

16 “(9) MEDIUM HUB AIRPORT.—The term ‘me-
17 dium hub airport’ means an airport that each year
18 has at least .25 percent, but less than 1.0 percent,
19 of the total annual boardings in the United States
20 as determined under the summary referred to in
21 paragraph (7).”.

22 (b) PHASE-OUT OF SLOT RULES.—Chapter 417 is
23 amended—

24 (1) by redesignating sections 41715 and 41716
25 as sections 41719 and 41720; and

1 (2) by inserting after section 41714 the fol-
2 lowing:

3 **“§ 41715. Phase-out of slot rules at certain airports**

4 “(a) TERMINATION.—The rules contained in sub-
5 parts S and K of part 93, title 14, Code of Federal Regu-
6 lations, shall not apply—

7 “(1) after July 1, 2002, at Chicago O’Hare
8 International Airport; and

9 “(2) after January 1, 2007, at LaGuardia Air-
10 port or John F. Kennedy International Airport.

11 “(b) STATUTORY CONSTRUCTION.—Nothing in this
12 section and sections 41714 and 41716–41718 shall be
13 construed—

14 “(1) as affecting the Federal Aviation Adminis-
15 tration’s authority for safety and the movement of
16 air traffic; and

17 “(2) as affecting any other authority of the Sec-
18 retary to grant exemptions under section 41714.

19 “(c) FACTORS TO CONSIDER.—

20 “(1) IN GENERAL.—Before the award of slot
21 exemptions under sections 41714 and 41716–41718,
22 the Secretary of Transportation may consider,
23 among other determining factors, whether the peti-
24 tioning air carrier’s proposal provides the maximum
25 benefit to the United States economy, including the

1 number of United States jobs created by the air car-
2 rier, its suppliers, and related activities. The Sec-
3 retary should give equal consideration to the con-
4 sumer benefits associated with the award of such ex-
5 emptions.

6 “(2) APPLICABILITY.—Paragraph (1) does not
7 apply in any case in which the air carrier requesting
8 the slot exemption is proposing to use under the ex-
9 emption a type of aircraft for which there is not a
10 competing United States manufacturer.”.

11 (c) SPECIAL RULES AFFECTING LAGUARDIA AIR-
12 PORT AND JOHN F. KENNEDY INTERNATIONAL AIR-
13 PORT.—Chapter 417 (as amended by subsection (b) of
14 this section) is amended by inserting after section 41715
15 the following:

16 **“§ 41716. Interim slot rules at New York airports**

17 “(a) EXEMPTIONS FOR AIR SERVICE TO SMALL AND
18 NONHUB AIRPORTS.—Subject to section 41714(i), the
19 Secretary of Transportation shall grant, by order, exemp-
20 tions from the requirements under subparts K and S of
21 part 93 of title 14, Code of Federal Regulations (per-
22 taining to slots at high density airports) to any air carrier
23 to provide nonstop air transportation, using an aircraft
24 with a certificated maximum seating capacity of less than
25 71, between LaGuardia Airport or John F. Kennedy

1 International Airport and a small hub airport or nonhub
2 airport—

3 “(1) if the air carrier was not providing such
4 air transportation during the week of November 1,
5 1999;

6 “(2) if the number of flights to be provided be-
7 tween such airports by the air carrier during any
8 week will exceed the number of flights provided by
9 the air carrier between such airports during the
10 week of November 1, 1999; or

11 “(3) if the air transportation to be provided
12 under the exemption will be provided with a regional
13 jet as replacement of turboprop air transportation
14 that was being provided during the week of Novem-
15 ber 1, 1999.

16 “(b) EXEMPTIONS FOR NEW ENTRANT AND LIMITED
17 INCUMBENT AIR CARRIERS.—Subject to section 41714(i),
18 the Secretary shall grant, by order, exemptions from the
19 requirements under subparts K and S of part 93 of title
20 14, Code of Federal Regulations (pertaining to slots at
21 high density airports), to any new entrant air carrier or
22 limited incumbent air carrier to provide air transportation
23 to or from LaGuardia Airport or John F. Kennedy Inter-
24 national Airport if the number of slot exemptions granted
25 under this subsection to such air carrier with respect to

1 such airport when added to the slots and slot exemptions
2 held by such air carrier with respect to such airport does
3 not exceed 20.

4 “(c) STAGE 3 AIRCRAFT REQUIRED.—An exemption
5 may not be granted under this section with respect to any
6 aircraft that is not a Stage 3 aircraft (as defined by the
7 Secretary).

8 “(d) PRESERVATION OF CERTAIN EXISTING SLOT-
9 RELATED AIR SERVICE.—An air carrier that provides air
10 transportation of passengers from LaGuardia Airport or
11 John F. Kennedy International Airport to a small hub air-
12 port or nonhub airport, or to an airport that is smaller
13 than a nonhub airport, on or before the date of enactment
14 of this subsection pursuant to an exemption from the re-
15 quirements of subparts K and S of part 93 of title 14,
16 Code of Federal Regulations (pertaining to slots at high
17 density airports), or where slots were issued to an air car-
18 rier conditioned on a specific airport being served, may
19 not terminate air transportation for that route before July
20 1, 2003, unless—

21 “(1) before October 1, 1999, the Secretary re-
22 ceived a written air service termination notice for
23 that route; or

24 “(2) after September 30, 1999, the air carrier
25 submits an air service termination notice under sec-

1 tion 41719 for that route and the Secretary deter-
2 mines that the carrier suffered excessive losses, in-
3 cluding substantial losses on operations on that
4 route during any 3 quarters of the year immediately
5 preceding the date of submission of the notice.”.

6 (d) SPECIAL RULES AFFECTING CHICAGO O’HARE
7 INTERNATIONAL AIRPORT.—

8 (1) NONSTOP REGIONAL JET, NEW ENTRANTS,
9 AND LIMITED INCUMBENTS.—Chapter 417 (as
10 amended by subsection (c) of this section) is further
11 amended by inserting after section 41716 the fol-
12 lowing:

13 **“§ 41717. Interim application of slot rules at Chicago**
14 **O’Hare International Airport**

15 “(a) SLOT OPERATING WINDOW NARROWED.—Ef-
16 fective July 1, 2001, the requirements of subparts K and
17 S of part 93 of title 14, Code of Federal Regulations, do
18 not apply with respect to aircraft operating before 2:45
19 post meridiem and after 8:14 post meridiem at Chicago
20 O’Hare International Airport.

21 “(b) EXEMPTIONS FOR AIR SERVICE TO SMALL AND
22 NONHUB AIRPORTS.—Effective May 1, 2000, subject to
23 section 41714(i), the Secretary of Transportation shall
24 grant, by order, exemptions from the requirements of sub-
25 parts K and S of part 93 of title 14, Code of Federal

1 Regulations (pertaining to slots at high density airports),
2 to any air carrier to provide nonstop air transportation,
3 using an aircraft with a certificated maximum seating ca-
4 pacity of less than 71, between Chicago O'Hare Inter-
5 national Airport and a small hub or nonhub airport—

6 “(1) if the air carrier was not providing such
7 air transportation during the week of November 1,
8 1999;

9 “(2) if the number of flights to be provided be-
10 tween such airports by the air carrier during any
11 week will exceed the number of flights provided by
12 the air carrier between such airports during the
13 week of November 1, 1999; or

14 “(3) if the air transportation to be provided
15 under the exemption will be provided with a regional
16 jet as replacement of turboprop air transportation
17 that was being provided during the week of Novem-
18 ber 1, 1999.

19 “(c) EXEMPTIONS FOR NEW ENTRANT AND LIMITED
20 INCUMBENT AIR CARRIERS.—

21 “(1) IN GENERAL.—The Secretary shall grant,
22 by order, 30 exemptions from the requirements
23 under subparts K and S of part 93 of title 14, Code
24 of Federal Regulations, to any new entrant air car-
25 rier or limited incumbent air carrier to provide air

1 transportation to or from Chicago O'Hare Inter-
2 national Airport.

3 “(2) DEADLINE FOR GRANTING EXEMPTIONS.—

4 The Secretary shall grant an exemption under para-
5 graph (1) within 45 days of the date of the request
6 for such exemption if the person making the request
7 qualifies as a new entrant air carrier or limited in-
8 cumbent air carrier.

9 “(d) SLOTS USED TO PROVIDE TURBOPROP SERV-
10 ICE.—

11 “(1) IN GENERAL.—Except as provided in para-
12 graph (2), a slot used to provide turboprop air
13 transportation that is replaced with regional jet air
14 transportation under subsection (b)(3) may not be
15 used, sold, leased, or otherwise transferred after the
16 date the slot exemption is granted to replace the tur-
17 boprop air transportation.

18 “(2) TWO-FOR-ONE EXCEPTION.—An air carrier
19 that otherwise could not use 2 slots as a result of
20 paragraph (1) may use 1 of such slots to provide air
21 transportation.

22 “(3) WITHDRAWAL OF SLOT.—If the Secretary
23 determines that an air carrier that is using a slot
24 under paragraph (2) is no longer providing the air
25 transportation that replaced the turboprop air trans-

1 portation, the Secretary shall withdraw the slot that
2 is being used under paragraph (2).

3 “(4) CONTINUATION.—If the Secretary deter-
4 mines that an air carrier that is using a slot under
5 paragraph (2) is no longer providing the air trans-
6 portation that replaced the turboprop air transpor-
7 tation with a regional jet, the Secretary shall with-
8 draw the slot being used by the air carrier under
9 paragraph (2) but shall allow the air carrier to con-
10 tinue to hold the exemption granted to the air car-
11 rier under subsection (b)(3).

12 “(e) INTERNATIONAL SERVICE AT O’HARE AIR-
13 PORT.—

14 “(1) TERMINATION OF REQUIREMENTS.—Sub-
15 ject to paragraph (2), the requirements of subparts
16 K and S of part 93 of title 14, Code of Federal Reg-
17 ulations, shall be of no force and effect at Chicago
18 O’Hare International Airport after May 1, 2000,
19 with respect to any aircraft providing foreign air
20 transportation.

21 “(2) EXCEPTION RELATING TO RECIPROCITY.—
22 The Secretary may limit access to Chicago O’Hare
23 International Airport with respect to foreign air
24 transportation being provided by a foreign air car-
25 rier domiciled in a country to which an air carrier

1 provides nonstop air transportation from the United
2 States if the country in which that carrier is domi-
3 ciled does not provide reciprocal airport access for
4 air carriers.

5 “(f) STAGE 3 AIRCRAFT REQUIRED.—An exemption
6 may not be granted under this section with respect to any
7 aircraft that is not a Stage 3 aircraft (as defined by the
8 Secretary).

9 “(g) PRESERVATION OF CERTAIN EXISTING SLOT-
10 RELATED AIR SERVICE.—An air carrier that provides air
11 transportation of passengers from Chicago O’Hare Inter-
12 national Airport to a small hub airport or nonhub airport,
13 or to an airport that is smaller than a nonhub airport,
14 on or before the date of enactment of this subsection pur-
15 suant to an exemption from the requirements of subparts
16 K and S of part 93 of title 14, Code of Federal Regula-
17 tions (pertaining to slots at high density airports), or
18 where slots were issued to an air carrier conditioned on
19 a specific airport being served, may not terminate air
20 transportation service for that route for a period of 1 year
21 after the date on which those requirements cease to apply
22 to such airport unless—

23 “(1) before October 1, 1999, the Secretary re-
24 ceived a written air service termination notice for
25 that route; or

1 “(2) after September 30, 1999, the air carrier
2 submits an air service termination notice under sec-
3 tion 41719 for that route and the Secretary deter-
4 mines that the carrier suffered excessive losses, in-
5 cluding substantial losses on operations on that
6 route during the calendar quarters immediately pre-
7 ceding submission of the notice.”.

8 (2) ELIMINATION OF BASIC ESSENTIAL AIR
9 SERVICE EXEMPTION LIMIT.—Section 41714(a)(3) is
10 amended by striking “; except that” and all that fol-
11 lows through “132 slots”.

12 (3) PROHIBITION OF SLOT WITHDRAWALS.—
13 Section 41714(b)(2) is amended—

14 (A) by inserting “at Chicago O’Hare Inter-
15 national Airport” after “a slot”; and

16 (B) by striking “if the withdrawal” and all
17 that follows through “1993”.

18 (4) CONVERSIONS.—Section 41714(b)(4) is
19 amended to read as follows:

20 “(4) CONVERSIONS OF SLOTS.—Effective May
21 1, 2000, slots at Chicago O’Hare International Air-
22 port allocated to an air carrier as of November 1,
23 1999, to provide foreign air transportation shall be
24 made available to such carrier to provide interstate
25 or intrastate air transportation.”.

1 (5) RETURN OF WITHDRAWN SLOTS.—The Sec-
2 retary shall return any slot withdrawn from an air
3 carrier under section 41714(b) of title 49, United
4 States Code, before the date of enactment of this
5 Act, to that carrier on April 30, 2000.

6 (e) SPECIAL RULES AFFECTING REAGAN WASH-
7 INGTON NATIONAL AIRPORT.—

8 (1) IN GENERAL.—Chapter 417 (as amended by
9 subsection (d) of this section) is further amended by
10 inserting after section 41717 the following:

11 **“§ 41718. Special rules for Ronald Reagan Wash-**
12 **ington National Airport**

13 “(a) BEYOND-PERIMETER EXEMPTIONS.—The Sec-
14 retary shall grant, by order, 12 exemptions from the appli-
15 cation of sections 49104(a)(5), 49109, 49111(e), and
16 41714 of this title to air carriers to operate limited fre-
17 quencies and aircraft on select routes between Ronald
18 Reagan Washington National Airport and domestic hub
19 airports and exemptions from the requirements of sub-
20 parts K and S of part 93, Code of Federal Regulations,
21 if the Secretary finds that the exemptions will—

22 “(1) provide air transportation with domestic
23 network benefits in areas beyond the perimeter de-
24 scribed in that section;

1 “(2) increase competition by new entrant air
2 carriers or in multiple markets;

3 “(3) not reduce travel options for communities
4 served by small hub airports and medium hub air-
5 ports within the perimeter described in section
6 49109; and

7 “(4) not result in meaningfully increased travel
8 delays.

9 “(b) WITHIN-PERIMETER EXEMPTIONS.—The Sec-
10 retary shall grant, by order, 12 exemptions from the re-
11 quirements of sections 49104(a)(5), 49111(e), and 41714
12 of this title and subparts K and S of part 93 of title 14,
13 Code of Federal Regulations, to air carriers for providing
14 air transportation to airports that were designated as me-
15 dium hub or smaller airports within the perimeter estab-
16 lished for civil aircraft operations at Ronald Reagan
17 Washington National Airport under section 49109. The
18 Secretary shall develop criteria for distributing slot exemp-
19 tions for flights within the perimeter to such airports
20 under this paragraph in a manner that promotes air
21 transportation—

22 “(1) by new entrant air carriers and limited in-
23 cumbent air carriers;

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1 “(2) to communities without existing nonstop
2 air transportation to Ronald Reagan Washington
3 National Airport;

4 “(3) to small communities;

5 “(4) that will provide competitive nonstop air
6 transportation on a monopoly nonstop route to Ron-
7 ald Reagan Washington National Airport; or

8 “(5) that will produce the maximum competitive
9 benefits, including low fares.

10 “(c) LIMITATIONS.—

11 “(1) STAGE 3 AIRCRAFT REQUIRED.—An ex-
12 emption may not be granted under this section with
13 respect to any aircraft that is not a Stage 3 aircraft
14 (as defined by the Secretary).

15 “(2) GENERAL EXEMPTIONS.—The exemptions
16 granted under subsections (a) and (b) may not be
17 for operations between the hours of 10:00 p.m. and
18 7:00 a.m. and may not increase the number of oper-
19 ations at Ronald Reagan Washington National Air-
20 port in any 1-hour period during the hours between
21 7:00 a.m. and 9:59 p.m. by more than 2 operations.

22 “(3) ALLOCATION OF WITHIN-PERIMETER EX-
23 EMPTIONS.—Of the exemptions granted under sub-
24 section (b)—

1 “(A) 4 shall be for air transportation to
2 small hub airports and nonhub airports; and

3 “(B) 8 shall be for air transportation to
4 medium hub and smaller airports.

5 “(4) APPLICABILITY TO EXEMPTION 5133.—
6 Nothing in this section affects Exemption No. 5133,
7 as from time-to-time amended and extended.

8 “(d) APPLICATION PROCESS.—

9 “(1) DEADLINE FOR SUBMISSION.—All requests
10 for exemptions under this section must be submitted
11 to the Secretary not later than the 30th day fol-
12 lowing the date of enactment of this subsection.

13 “(2) DEADLINE FOR COMMENTS.—All com-
14 ments with respect to any request for an exemption
15 under this section must be submitted to the Sec-
16 retary not later than the 45th day following the date
17 of enactment of this subsection.

18 “(3) DEADLINE FOR FINAL DECISION.—Not
19 later than the 90th day following the date of enact-
20 ment of this Act, the Secretary shall make a decision
21 regarding whether to approve or deny any request
22 that is submitted to the Secretary in accordance
23 with paragraph (1).

24 “(e) APPLICABILITY OF CERTAIN LAWS.—Neither
25 the request for, nor the granting of an exemption, under

1 this section shall be considered for purposes of any Fed-
2 eral law a major Federal action significantly affecting the
3 quality of the human environment.”.

4 (2) OVERRIDE OF MWAA RESTRICTION.—Sec-
5 tion 49104(a)(5) is amended by adding at the end
6 thereof the following:

7 “(D) Subparagraph (C) does not apply to any
8 increase in the number of instrument flight rule
9 takeoffs and landings necessary to implement ex-
10 emptions granted by the Secretary under section
11 41718.”.

12 (3) MWAA NOISE-RELATED GRANT ASSUR-
13 ANCES.—

14 (A) IN GENERAL.—In addition to any con-
15 dition for approval of an airport development
16 project that is the subject of a grant application
17 submitted to the Secretary under chapter 471
18 of title 49, United States Code, by the Metro-
19 politan Washington Airports Authority, the Au-
20 thority shall be required to submit a written as-
21 surance that, for each such grant made for use
22 at Ronald Reagan Washington National Airport
23 for fiscal year 2000 or any subsequent fiscal
24 year—

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1 (i) the Authority will make available
2 for that fiscal year funds for noise compat-
3 ibility planning and programs that are eli-
4 gible to receive funding under such chapter
5 in an amount not less than 10 percent of
6 the amount apportioned to the Ronald
7 Reagan Washington National Airport
8 under section 47114 of such title for that
9 fiscal year; and

10 (ii) the Authority will not divert funds
11 from a high priority safety project in order
12 to make funds available for noise compat-
13 ibility planning and programs.

14 (B) WAIVER.—The Secretary may waive
15 the requirements of subparagraph (A) for any
16 fiscal year for which the Secretary determines
17 that the Authority is in compliance with appli-
18 cable airport noise compatibility planning and
19 program requirements under part 150 of title
20 14, Code of Federal Regulations.

21 (C) SUNSET.—This paragraph shall cease
22 to be in effect 5 years after the date of enact-
23 ment of this Act if on that date the Secretary
24 certifies that the Authority has achieved compli-
25 ance with applicable noise compatibility plan-

1 ning and program requirements under part 150
2 of title 14, Code of Federal Regulations.

3 (4) REPORT.—Not later than 1 year after the
4 date of enactment of this Act, the Secretary shall
5 certify to the Committee on Commerce, Science, and
6 Transportation of the Senate, the Committee on
7 Transportation and Infrastructure of the House of
8 Representatives, the Governments of Maryland, Vir-
9 ginia, and West Virginia, and the metropolitan plan-
10 ning organization for Washington, DC, that noise
11 standards, air traffic congestion, airport-related ve-
12 hicular congestion, safety standards, and adequate
13 air service to communities served by small hub air-
14 ports and medium hub airports within the perimeter
15 described in section 49109 of title 49, United States
16 Code, have been maintained at appropriate levels.

17 (f) NOISE COMPATIBILITY PLANNING AND PRO-
18 GRAMS.—Section 47117(e) is amended by adding at the
19 end the following:

20 “(3) PRIORITY.—The Secretary shall give pri-
21 ority in making grants under paragraph (1)(A) to
22 applications for airport noise compatibility planning
23 and programs at and around—

24 “(A) Chicago O’Hare International Air-
25 port;

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1 “(B) LaGuardia Airport;

2 “(C) John F. Kennedy International Air-
3 port; and

4 “(D) Ronald Reagan Washington National
5 Airport.”.

6 (g) STUDY OF COMMUNITY NOISE LEVELS AROUND
7 HIGH DENSITY AIRPORTS.—The Secretary shall study
8 community noise levels in the areas surrounding the 4
9 high-density airports in fiscal year 2001 and compare
10 those levels with the levels in such areas before 1991.

11 (h) EXTENSION OF APPLICATION APPROVALS.—Sec-
12 tion 49108 is amended by striking “2001” and inserting
13 “2004”.

14 (i) ELIMINATION OF DEADLINE FOR APPOINTMENT
15 OF MEMBERS TO BOARD OF DIRECTORS.—Section
16 49106(c)(6) is amended by striking subparagraph (C) and
17 by redesignating subparagraph (D) as subparagraph (C).

18 (j) CONFORMING AMENDMENTS.—

19 (1) OPERATION LIMITATIONS.—Section 49111
20 is amended by striking subsection (e).

21 (2) CHAPTER ANALYSIS.—The analysis for sub-
22 chapter I of chapter 417 is amended—

23 (A) redesignating the items relating to sec-
24 tions 41715 and 41716 as items relating to sec-
25 tions 41719 and 41720, respectively; and

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- 1 (B) by inserting after the item relating to
- 2 section 41714 the following:

“41715. Phase-out of slot rules at certain airports.

“41716. Interim slot rules at New York airports.

“41717. Interim application of slot rules at Chicago O’Hare International Airport

“41718. Special Rules for Ronald Reagan Washington National Airport.”.